



MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer  
Clerk of the Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Director of Health Services

At its meeting held January 24, 2006, the Board took the following action:

S-1

The following item was called up for consideration:

Report by the Acting Director of Health Services on the financial status of the Department.

Dr. Bruce Chernof, Acting Director, Gary W. Wells, Director of Finance, Department of Health Services, and Jan Takata, representing the Chief Administrative Office, presented the attached report and answered questions posed by the Board and Dr. Genevieve Clavreul addressed the Board.

Supervisor Antonovich made the following statement:

"In 1995 when this Board approved the Medicaid 1115 Waiver with the Federal government, one of the goals was to provide the Department of Health Services (DHS) with financial support in order to restructure the system and become financially solvent. The Board committed to change the way we provide healthcare by decreasing inpatient days, expanding outpatient services, and providing managed care for acute chronic illnesses. The goal was to restructure using the infusion of Federal dollars to create a 'soft landing' rather than face severe cuts or 'falling off a cliff.'

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"Now, ten years later, the County continues to struggle with a mounting deficit, and the 'soft landing' plan touted in 1995 is turning into a 'free fall' with no indication that there are plans or timeframes being prepared to address the nearly \$400 million deficit projected in Fiscal Year 2007-08 rising to over \$1.1 billion in Fiscal Year 2009-10. Despite assurances from the Chief Administrative Officer in his June 16, 2005 memo that DHS would return in mid-year 2005-06 with a deficit reduction plan, the only indication the Board has received to date of any thought DHS has put into this is that 'the Department will begin laying the groundwork to develop approaches for addressing the much larger cumulative future fiscal year projected shortfalls.'

"To make an informed and fiscally responsible decision, the Board of Supervisors needs to be informed on how DHS plans to address the deficit before it grows to over \$1.1 billion (FY 2009-10).

"I therefore, recommend that the Board direct the Acting Director of Health Services to report on April 18, 2006, a deficit management plan which addresses the projected shortfall of \$1.1 billion in Fiscal Year 2009-10."

After discussion, Supervisor Burke offered a suggestion that Supervisor Antonovich's motion be amended to direct the Acting Director of Health Services to submit to the Board prior to the March 21, 2006 Health Department Budget Committee of the Whole/Joint Meeting of the Board of Supervisors for discussion on that date, a report on a deficit management plan which addresses the projected shortfall of \$1.1 billion in Fiscal Year 2009-10. Supervisor Antonovich accepted Supervisor Burke's amendment.

Therefore, on motion of Supervisor Antonovich and by common consent, there being no objection, the Board approved Supervisor Antonovich's aforementioned motion as amended by Supervisor Burke.

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Attachment

Copies distributed:

Each Supervisor  
Chief Administrative Officer  
County Counsel